

September 24, 2004

TO: Council President Brad Castillo
Council Members

FROM: Daniel G. Hobbs, City Manager

SUBJECT: BUDGET OVERVIEW

Under the leadership of Mayor Alan Autry, this budget enables continued progress for the City of Fresno towards fulfilling our goals, even under the cloud of the State's unprecedented fiscal crisis. In meeting the challenge, this budget balances projected revenues and expenditures while maintaining essential services, investing in job creation through economic development, investing in neighborhood infrastructure, and protecting the General Fund Emergency Reserve.

Economic Overview

The City of Fresno is a very different place than it was when the Meeting the Challenge report issued in January 2003. At that time there were doubts about the state of City finances, disagreements over major City goals and initiatives, and uncertainties regarding the efficiency of City government. The magnitude of the challenges facing Fresno had not been quantified nor had Fresno been compared to peer Cities of comparable size and complexity. While there were many proposals on the table to improve efficiencies, and others to generate additional revenues, very few of these initiatives had yet been enacted. I am pleased to say that most of these conditions are now changed.

The Meeting the Challenge Report was at its core an effort to insure that the City of Fresno could continue to move forward with important initiatives to improve the economy and quality of life in Fresno, in spite of State Budget cuts and other economic uncertainties. Fresno continues to have its challenges, each of which is a major project by itself, taken together, these challenges require a "sea change" in attitudes in Fresno in order to succeed.

The allocation of resources may be the single most critical issue we face. Based in large part on the recommendations of the Meeting the Challenge report, this issue is addressed in the FY 2005 proposed budget before you. It includes the implementation of "Best Practices" throughout the City to improve efficiencies and reduce the cost of services to taxpayers. It includes the results of the subsidy reductions approved by Council last year, and it includes additional initiatives to

provide our services in the most effective and efficient ways possible. This on-going, high-level effort will ensure that the City continues to seek and embrace best practices in every department and program.

Among the specific success stories of Best Practices initiatives have been:

- The Solid Waste Transfer Station contract was developed, issued and approved which will save City solid waste programs \$1 million per year.
- The Convention Center private management contract was developed, issued and approved which will save the General Fund roughly \$6 million over the next five years.
- The City's printing and copying services were part of a managed competition which is saving the City at least \$50,000 per year.
- Fresno's Fleet Management program was featured in the publication of the U.S. Conference of Mayors for its Best Practices, adding to the previous recognition by the National Institute for Automotive Service Excellence of the City's innovative programs.
- The concept of a Regional Transit Authority is being studied and widely discussed, even while specific service improvements have been enacted. Greater efficiencies have been achieved by modifications to the labor MOU, and the agreement itself enables a Regional Transit Authority to proceed.
- A Regional Tourism Authority in some form is also under active consideration.
- Recognition of Fresno's innovation has taken the form of: The Mayor serving as key note speaker at the national Performance Institute Conference; the City Manager's presentation on Open Government at the annual conference of the League of Cities; and publication of the City Manager's Open Government presentation in *Western Cities* magazine.

Finally, regional cooperation is addressed in this budget in a number of areas as a means to gain greater government efficiency and effectiveness. New levels of inter-governmental cooperation in the Greater Fresno area are required in order to achieve the success planned with the Regional Jobs Initiative.

The five-year vision of the Meeting the Challenge report was that at the end of the day Fresno would:

- Be a best managed city, known for its effective implementation of best practices.
- Have an unemployment rate at the median of our peers.
- Make substantial progress in educational achievement.
- Have a crime rate below the peer median.
- Have a revitalized downtown.
- Have Big City amenities.
- Have municipal taxation below the peer median.

Once again the coming year holds uncertainties that could result in negative impacts to the City of Fresno. The most concerning is the potential loss of General Fund resources that will be taken by the State. The City is also faced with financial challenges including increasing demands for infrastructure as outlined by the 2025 General Plan and rising costs of providing services to our residents.

Under current economic conditions, the cost to maintain service levels is outpacing growth in city resources. Absent an aggressive and growing economy, ongoing General Fund service cuts would likely be required as soon as FY 2006, even if the State holds us harmless. Clearly, the City has a challenging future ahead. However, the City has experienced unprecedented growth and investment in the downtown core area, bringing with it a cautiously optimistic outlook for the City's future. In addition, the cornerstones of this budget lay a solid foundation to face these challenges.

Budget Overview

This budget reflects the negative impacts from State budgetary actions that were reasonably certain in the spring:

- Loss of \$1.1 million annually in booking fee reimbursements for the Police Department.
- Loss of \$600,000 in annual State Mandated Reimbursements.
- Indefinite deferral of \$10 million for the widening of Peach Avenue.
- Indefinite deferral of \$6 million for Chestnut Avenue improvements.

Based on the consensus that an additional General Fund revenue shift of some magnitude was next, we actively engaged in discussions at the State level as to the potential impacts on local government resources. These impacts are further explained in the Subsequent Events & Contingency Plans section. The prudent actions of the Mayor and Council in establishing a 5 percent General Fund Emergency Reserve has put our City in a better financial condition than our peer cities in the State. Because of the actions taken the past several years, we are in a position to maintain essential services through the State's economic crisis.

The strategies executed in building this budget are necessary to maintain essential services, preserve jobs, invest in neighborhoods and economic development. The Meeting the Challenge report projected that the State budget crises would have a significant and negative impact upon City budgets. The report also addressed as a central issue the practical impossibility of meeting essential public service requirements, and especially public safety needs, of a rapidly growing City without finding additional resources. In part because City management and elected officials took these warnings seriously, new fees for services were approved, the reserve fund was preserved, and expenditure increases curtailed in most instances. In addition, medium and long-range budget needs have been estimated and new revenue options are being explored.

As a result, Fresno is in a much sounder financial position than many of its peers. Many California cities are facing enormous deficits, and have already issued layoff notices, cut public safety positions, closed fire stations, and canceled major public works projects. Due to prudent fiscal planning and a continual evaluation of our financial condition, our City is prepared to meet the upcoming year without taking such drastic measures at this time.

Mayor Autry has laid out a plan for the City that conservatively yet relentlessly moves this City forward. The four cornerstones of this budget give us the tools we need to keep Fresno on course.

1. Maintain Essential Services

Imbedded in the number one budget cornerstone for FY 2005 is an increased commitment to Public Safety and to the prevention of violent crime.

Police Department: This budget adds 20 Sworn officers to the force, bringing total sworn Police Officers to 798, the highest in Fresno's history.

Due to attrition and other factors, vacancies fluctuate from month to month and year to year. Despite this, the number of Officers on the street for the past three years has increased by 104 positions, over 15 percent.

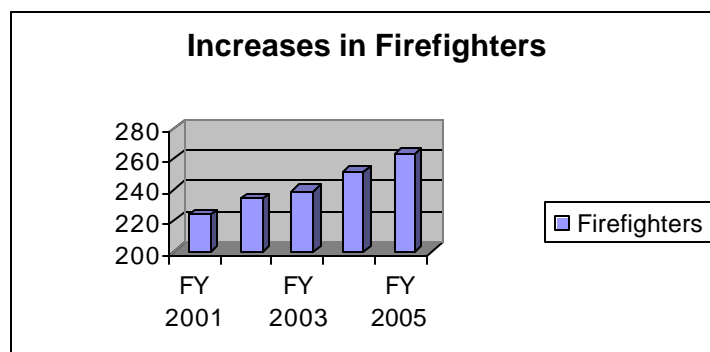
	FY 2003	FY 2004	FY 2005
Total Sworn	711	778	798
Filled Sworn (Average)	686	741	790

The overall crime rate for the City of Fresno has dropped to its lowest level since 1972. According to the Federal Bureau of Investigation's Crime Index, the City saw an average of 70 part one crimes committed per 1,000 residents in 2003, as compared with 103 crimes per 1000 in 1972. In 2003, we also saw a reduction in violent and property crimes compared with 2002.

The battle waged on violent crime includes several specific initiatives that have proven successful. Total overall Part I crimes dropped 13.4 percent from the 1st quarter of FY 2003 to the 1st quarter of FY 2004. That is why this budget includes resources to maintain each of these efforts:

- District Crime Suppression Teams – These groups handle tactical situations, violent crime, and proactive patrol in high crime neighborhoods.
- Street Violence Bureau – This Citywide bureau provides manpower support to the DCS Teams and adds to their effectiveness by serving as an additional tactical component for them.
- Parole Apprehension Teams – These teams pro-actively warrant, arrest, and stakeout operations to desist parole violators before they commit their next crime.

Fire Department: The Fire Department has increased the number of firefighters by 12 in FY 2005.



Also, we have addressed the need for additional fire facilities by providing the necessary resources in this budget. Capital and operating funds are included to ensure the FY 2005 opening of Fire Station #15 in Southeast Fresno, and \$440,000 to build Fire Station #17 in North Fresno, anticipated to be fully operational in FY 2006.

2. Invest in Job Creation through Economic Development

Economic Development can be defined as initiatives that : enhance the economic viability of the community by revitalizing commercial areas; assure high quality education opportunities that relate to "real world" jobs; or create opportunities for "living wage" jobs.

The City Manager's Best Practices Task Force and the Mayor/Council/City Manager Task Force on Economic Development will continue as forums where the critical issues come together within the City and the determination to move forward with the Regional Jobs Initiative Implementation Plan are reinforced. Obstacles to success are being removed, and more systematic efforts to dealing with the continuous improvement required for success are being put in place in the budget with performance measures tied to community values and goals, and monitoring systems to guarantee progress is measured and achieved.

To this end, the City is leveraging to every extent possible, State and Federal economic development resources and by working more closely with community development corporations, for-profit corporations and non-profit corporations. The FY 2005 budget makes specific investments in key economic development projects such as the Regional Jobs Initiative and Downtown Revitalization efforts as these remain critical priorities. Specific appropriations for these efforts will be pursued based on the attractiveness of the projects proposed.

Economic Growth and Expansion: The Planning and Development Department handles thousands of requests for community projects that guide the revitalization and growth of Fresno to enhance our quality of life, health and safety, the essence of economic development. For instance, in the past year the Planning Division has seen a 35 percent increase in single-family subdivision activity, and in the past year, the Building and Safety division has seen a 22 percent increase in permit processing and an 11 percent increase in inspections. To address this explosion of growth in the most prudent and balanced manner, the FY 2005 budget adds the necessary positions to in Planning, Public Works, and Public Utilities to improve citywide development related processes for inspections and reviews. This is a deliberate effort to accelerate project time-lines resulting in expeditious job creation. This effort also addresses the need to provide quality core utility services to the newly developed areas.

3. Increased Investment in the Neighborhood Infrastructure

The FY 2005 budget includes the "No Neighborhood Left Behind" infrastructure plan, a six-year strategy to invest in neighborhoods by constructing and repairing critical infrastructure in neighborhoods where little or none of this infrastructure currently exists. The strategy will impact the quality of life by positively influencing our neighborhoods, families and schools. In coordination with each Council member, 71 neighborhoods were prioritized for inclusion in this historic plan to be implemented over the next six years or less. As part of the plan, the City will aggressively recruit and hire 40 to 60 skilled and unskilled laborers from the City's urban core, providing living-wage job opportunities in the very areas of the City in which the infrastructure investments are being made. Many of these employees will complete a type of apprenticeship that will enable them to be qualified to take his/her skills into the community.

Investing \$45 million on neighborhood infrastructure conservatively drives an overall economic impact of over \$83 million, providing an ideal opportunity to partner with the Economic Development Department to most effectively leverage the investment by conducting small business outreach workshops and outreach to existing businesses.

In addition to the "No Neighborhood Left Behind" infrastructure plan, the FY 2005 budget includes \$16.1 million in continued and on-going neighborhood investment for ADA curb cut installation, installation and repair of streetlights, as well as neighborhood street paving and repair.

4. Protecting the Reserves

During FY 2002, proactive financial management took advantage of historically low interest rates and, in the process provided the resources to establish a \$10 million reserve which, as part of the FY 2005 budget will stand at \$9.3 million.

As discussed above, the most significant issue facing the City today is the uncertainty surrounding the State's budget crisis and the significant portion of our General Fund revenue stream that will be taken by the State Government to help balance the State's multi-billion dollar deficit. This necessitates that the reserve be protected vigilantly as evidenced by Council's action on January 27, 2004 to execute the Mayor's executive order to establish and maintain a 5 percent General Fund Emergency Reserve, providing some protection from the State grab that is certain to rob California's local governments.

The Emergency Reserve will be used only upon declaration of a fiscal emergency declared by the Mayor and ratified by the Council. A fiscal emergency is defined as:

1. Natural catastrophe.
2. Public Safety emergency precipitated by such events as riots or terrorism.
3. Precipitous decline in General Fund revenues.

Except for these circumstances, we recommend that the General Fund Emergency Reserve go untouched, providing some protection from the State grab that is poised to substantially impact California's local governments.

Other Key Issues

In addition to the four cornerstones, there are several key initiatives in this budget crucial to our City's success. Air Quality is a key issue included in this budget that affects quality of life for every Fresno resident and also directly effects economic development. Improving Air Quality is an initiative included in this budget through the following: \$4.7 million for the purchase of 12-15 low emission buses to replace older diesel units currently in service; \$3.3 million allocated to complete the CNG Fueling station; the implementation of a Downtown Van Pool program; and, the retrofit of existing diesel buses for reduced emissions. By the end of FY 2005, the Fresno Solid Waste fleet will reflect 40 percent Clean-Air vehicles, representing one of the largest solid waste Clean-Air vehicle fleets in the Valley. The budget also funds Operation Clean Air(OCA), the collective effort of business, government, and community leaders from San Joaquin to Kern counties working to identify voluntary strategies that can clean the air of the San Joaquin Valley.

OCA's mission is to create an action plan that will clean our air and increase economic prosperity in the San Joaquin Valley. Through OCA, industry and sector working groups have developed a menu of sustainable incentives to improve air quality. By uniting for this common good, the region can better equip itself to address the two most important issues in the San Joaquin Valley; Clean Air and Economic Prosperity. By striving for emission reduction goals beyond mandated regulations, there are other opportunities to create business that is good for the environment and an environment that is good for business.

Senior citizen initiatives continue to be a high priority. Included in this budget is funding for senior activities in neighborhood parks, the Senior Therapeutic Program, the Senior Paint Program, the Senior Emergency Repair Grant Program, and the Senior Hot Meals program, total funding for senior citizen initiatives exceeds \$1.3 million. Also included in this budget is the Fresno Area Express Senior Sundays program, designed to honor our senior citizens and encourage rider-ship by allowing passengers, age 65 and older, to ride free every Sunday of each month. In addition, \$300,000 is included in this budget to complete an ADA facility needs assessment at all City facilities.

Senior Initiatives:

Description	FY 2004 Budget	FY 2005 Budget	FY 2005 Funding Source
Senior Activities at Neighborhood Parks	\$41,700	\$45,000	General Fund
Community Youth & Senior Center	0	350,000	CDBG
Senior Hot Meals Program	465,500	465,500	CDBG
Therapeutic Recreation Programs	137,300	54,800	General Fund
Senior Paint Initiative	50,000	129,900	CDBG
Senior Emergency Repair Grant	50,000	50,000	CDBG
Fresno Madera Agency on Aging	47,800	47,800	General Fund
Senior Discounts on Utilities	215,000	219,000	Enterprise
Senior Sundays	0	7,500	Enterprise
Total	\$1,007,300	\$1,369,500	

Innovative after-school education, community programs, and other youth initiatives are crucial to the continued strengthening and well-being of our young adults. This budget includes \$350,000 in funding for expanded Community Youth and Senior Centers to provide common areas for seniors and youth to congregate and participate in mentor relationships, after-school enrichment programs, and other mutually beneficial community-oriented activities. In addition, the popular early enrichment after-school program is funded at \$1.069 million, to provide educational, social, recreation programs and relationships that create additional opportunities and quality of life for our

children and families. This budget also includes \$300,000 in funding for Refugee Resettlement education providing another critical growth and training opportunity for Fresno's newest residents. The successful development of the City's up and coming workforce requires investing in our community so that they have the educational base and job-readiness to be productive employees.

Master Fee Schedule

In FY 2004 the Administration presented to Council a comprehensive updated Master Fee Schedule to reflect full-cost recovery of City fees. The proposal was the result of a study performed by Maximus Incorporated for two primary purposes: 1) to determine to what extent the City was recovering its cost for providing fee related services; and, 2) to determine what changes would be necessary to recover the cost for providing these services. In FY 2005 the Master Fee Schedule primarily reflects a minimal number of changes for new programs, cost recovery of specific categories that include increases and decreases in fees and finally text changes to clarify fees. Detail related to each of these adjustments is available in the Master Fee schedule.

Strategic Vision - Creating a Performance Driven Culture

Since taking office in 2001, Mayor Autry has emphasized the need for building an organizational culture that is performance driven. During the last fiscal year, the emphasis turned into a formal plan of action that will drive the City of Fresno through the 21st century. This plan of action is contained in the budget under the heading of Strategic Vision.

During the year, the Mayor's Office and City Manager's Office teamed up with the Pacific Institute (Institute) to transform the culture of the City through the use of the Institute's Imagine 21 educational curriculum and the Cultural Consensus Building Program. The four day Imagine 21 curriculum has been presented to over 600 City employees, primarily through the use of City staff as training facilitators. The education has been a profound success, changing employee attitudes and increasing performance throughout the organization.

This increased performance throughout the organization needed to be focused in a manner that the City workforce would hold itself accountable for accomplishing specific, measurable outcomes which will result in reaching the Mayor's vision for the City. This was accomplished by using the Institute's Cultural Consensus Building Program. Through this program, key management staff worked through a facilitated process to create a performance driven culture. Through the program, a vision, a core set of values, and key objectives were established to use as the measuring points to assure that all City activities were directed towards becoming a performance driven culture.

Subsequent Events & Contingency Plans

While this budget is built on what is believed to be conservative estimates, as described above, we cannot predict what the State and the Federal governments will do with some of the City's local funding sources. For more than a dozen years, the state legislature has been taking local tax dollars that local governments use to provide vital services like fire protection, law enforcement, parks and street repairs. The approval of the State's FY 2004-2005 budget marked an historic

bipartisan agreement between Governor Arnold Schwarzenegger, local governments, legislators, public safety officials, healthcare advocates, taxpayers and community leaders to support Prop 1A that prevents the State Legislature from taking and using local government funds. Prop 1A was written to allow flexibility. It allows the State to *borrow* local government revenues-only in the event of a fiscal emergency-if funds are need to support schools or other state programs. Prop 1A will not raise taxes. It ensures that existing local tax dollars continue to be dedicated to local services. It also helps ensure local governments aren't forced to raise taxes or fees to make up for revenues raided by the State.

As part of the negotiation to reach this landmark agreement local governments agreed to help the State out of its current budget crises by agreeing to contribute \$1.3 billion over the next two years. The City of Fresno share is about \$8.3 million in total for FY 2005 and FY 2006, with consideration for the FY 2005 Booking Fee reimbursement. However, the greater than anticipated carryover, funding of the booking fees at last years levels and conservative current year revenue estimates should close the gap for FY 2005. In FY 2006 several options available to close the gap include utilizing the Emergency Reserves, reduction in service levels, and increases in fees to eliminate General Fund subsidy.

To address this concern, City staff have developed departmental contingency plans to deal with the potential impacts of the State budget crisis. These plans will be considered on a regular basis as the impact of the State budget to local governments is realized.

These options include, taking the painful steps of implementing all or part of the department contingency plans combined with using part of the General Fund Emergency reserve. I propose that these steps only be taken after all options are evaluated.

Regardless of the options presented, Council action will be required to make any adjustments necessary. These contingencies are not pleasant to put together or discuss but discerning planning requires that they be addressed.

Conclusion

The FY 2005 budget presents a sound fiscal plan that maintains the City's service commitment to our citizens and to the programs and policies the Mayor and City Council have established. It continues the resolute financial discipline that has allowed us to manage through the current economic downturn. This budget and the City's leadership will guide us through the challenges that lie ahead.

KEY BUDGET ISSUES IN FY 2005

A city as large and complex as the City of Fresno has a multitude of budget issues that are of interest to the public and their elected representatives. A summary of these issues is presented in the Department Budget Overview, department by department. This issues summary is not meant to substitute for the detailed presentations located in the Department Section.

A significant issue facing the City budget is the threat to the City's General Fund. A significant portion of our General Fund revenue stream has been taken by the State of California to balance the State budget. This has happened numerous times in the past with revenues taken by the State never returning to local governments.

As the analysis in the following pages shows, the General Fund is the revenue source used to fund public safety with 68 percent of the City's General Fund going to support the Police and Fire Departments. So in a very real sense, every dollar cut from the General Fund threatens to take 68 cents out of the Police and Fire Departments. The other major discretionary uses of the General Fund are for the City Public Works and Parks, Recreation, and Community Services Departments as well as elected and appointed officials. Preserving and enhancing the General Fund will be a challenge in FY 2005.

You will find many policy choices in the following pages, clearly spelled out in the Budget Comments, Issues, or Unmet Needs section of each department. Some issues will require further study, Budget Comments explain increases or other issues which need to be addressed, and most Unmet Needs are important but not vital to City operations in a tight fiscal environment.

The following represent some of the key issues addressed in the FY 2005 Budget. These issues, as well as other significant budget items, are described in further detail throughout the document:

- Resources have been dedicated to increase efforts related to the prevention of violent crime in the following areas:
 - ▶ District Crime Suppression Teams
 - ▶ Street Violence Bureau
 - ▶ Parole Apprehension Teams
 - ▶ Neighborhood Traffic Unit
- Investment in Neighborhood Infrastructure is \$26.1 million which includes the "No Neighborhood left Behind" Plan, a multi-year \$45 million total investment in the poorest Fresno neighborhoods.
- In the spirit of the Regional Jobs Initiative (RJI) Economic Development has instituted a job development goal of 1,400 jobs for FY 2005.
- Clean Air Initiatives totaling more than \$25 million are included in this budget.
- The Emergency Reserve Fund has grown to \$9.3 million which is five percent of the General Fund. The Emergency Reserve will be used only when the Mayor declares a fiscal emergency that is ratified by the Council.
- Public Safety Facility Renovations and Maintenance are funded in excess of \$5.8 million, an initiative initially approved in the prior year. Also included is over \$800,000 for Fire Stations #15 and #17.
- Over \$1.3 million for Senior programs are funded.
- No utility rate increases are proposed.
- The Parks Department is expanding the After School Enrichment Program to include a literacy and employment readiness initiatives. The development of Community Youth and Senior Centers will provide a neighborhood facility for students and seniors to congregate, participate in mentor relationships and augment the After School Enrichment Program.
- The Planning and Development Department has earmarked \$1.3 million for the implementation of the 2025 General Plan.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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For the Fiscal Year Beginning

July 1, 2003

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Fresno, California for its annual budget for the fiscal year beginning July 1, 2003.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

ACKNOWLEDGMENT

The City of Fresno is proud to be the recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. We believe this budget document will also meet those standards.

I would like to thank the staff in all City of Fresno departments for their cooperative efforts in responding to the many requests that accompany the building of a budget. It is the concerted efforts of every department that has made the formulation of this budget a success.

Formulating the annual budget document is a team effort and the result of countless hours of work. Special thanks and appreciation are extended to the Budget Staff of the Finance Department and their families for their long hours and hard work: Jane Sumpter, Henry Fierro, Sharon McDowell, Irwin Band, Paul Melikian, Adelina Acosta and Elida Rubio.

I also want to thank several others who have willingly volunteered their evenings and weekends with us and whose contribution was invaluable to the preparation of this document. Thank you Mike Lima, Gary Watahira, Yvonne Dedmore and George Smith. I would also like to thank Jim Lennon, Sheryl Ringgenburg, John DeLucia, and Eddie Santos whose support was crucial.

In addition, I must express my sincere gratitude to Ruth F. Quinto for her leadership and support in guiding the budget office through this challenging task.

Finally, I want to thank the Mayor, City Manager, and the Council members for their continued leadership and support in the planning and deliberations of this budget.

Respectfully submitted,

R. Renena Smith, Budget Manager

DEPARTMENT BUDGET OVERVIEW

The Adopted Budget for FY 2005 consists of all the City operating and capital projects as well as various debt service funds. It is supported by local taxes, charges for service, Federal and State funds, as well as miscellaneous revenue sources.

Fresno has been impacted less than most of the State by the economic downturn, which has effected the nation. However, Fresno did not entirely escape the downturn. To reflect this, revenue estimates have been projected conservatively.

The Adopted General Fund budget for FY 2005 is able to fully fund appropriations and includes a Emergency Reserve of \$9.3 million. The Adopted General Fund budget continues the Mayor's commitment to essential services, investment in job creation through economic development, investment in neighborhood infrastructure, and protection of the reserve.

The Adopted Budget includes a revised presentation of the five year Capital Improvement Plan. Due to charter restrictions, the City Council may only approve a one year capital budget. However, the additional years provide the Council additional information on which to base its decisions on capital projects and evaluate priorities among the Unmet Needs.

The department budgets are presented in the Department Section. Each department's presentation includes a Key Results Area section, a Budget Comments section which describes new initiatives or requests and other relevant matters for Council consideration, an Issues section, a list of Unmet Needs submitted by the department, and Service Impacts. Detail information related to positions and line item appropriations are included in Volume II of the FY 2005 budget.

Airports

For FY 2005, the Transportation Department has been reorganized, resulting in Airports becoming a separate Department from FAX. In FY 2005, the Airports Department will continue to pursue its aggressive \$155 million five year capital program by consolidating capital management activities into a new division. This division will provide greater accountability over costs and the ability to seek reimbursement for capital overhead from the Federal Aviation Administration (FAA). The Department will be adding two Airports Public Safety Officers to its ranks in order to meet the rising security requirements at FYI. Additional security enhancements include \$40,000 for a contract with the Fresno Police Department and \$85,000 for the establishment of a communications center to provide additional security during times when the national terrorist threat level is raised to "orange" or higher. The Department will also be adjusting the Passenger Facilities Charge (PFC) per enplaned passenger from \$3.00 to \$4.50. This increase will provide approximately \$700,000 of additional revenue annually to the Department which will fund debt retirement and capital improvements in an effort to attract a low cost air carrier to Fresno.

City Attorney's Office

The City Attorney's Office will continue to provide legal service of the highest quality in a timely and cost-efficient manner to the City and client departments. The Office oversees the legal aspects impacting the City through its three work units which include Litigation, Advisory, as well as Economic Development and Finance. The City Attorney has also given increased attention to code enforcement to protect public safety and preserve the quality of life in Fresno.

City Clerk's Office

The City Clerk's Office will continue to provide a high level of service to the public, Council, Mayor, and City departments, as well as meet established time-lines for agenda and Council minutes preparation.

City Manager's Office

The City Manager will continue to direct the organization in ways that accentuate the Mayor's vision of Fresno as a community that works together. The Office will work closely with the Mayor, City Council, citizens, department directors, and staff to identify Citywide goals and strategies and to continue successful government in Fresno. Consistent with directions identified in this process, the City Manager will empower departments to act in a professional and independent manner while requiring fiscal prudence and a commitment to responsibility, accountability, and performance. The City Manager will seek to ensure that City staff is supported by an effective organizational structure and by appropriate systems targeted at optimizing service delivery to the public as well as and other City operations.

The City Manager's Office will maintain a strong leadership and coordination role in multi-departmental efforts such as exploring "Best Practices"; optimizing youth programs; continuing investment in neighborhood infrastructure; downtown revitalization; and air quality initiatives.

Economic Development Department

The Department began providing project management services in February 2004 to improve customer service through job development and to foster teamwork between City departments and outside agencies. Large projects with high job impact are shepherded through the permitting process. To date, four projects that will generate more than 200 jobs in Fresno are under management. The Department has instituted a job development goal of 1,400 jobs for FY 2005. In addition, the Department will help save another 500 jobs by providing direct and indirect assistance to existing Fresno businesses, and will explore ways to generate economic development through re-zoning efforts.

Finance Department

The Department will administer a Citywide Collection program which will provide critical assistance to City departments in effectively collecting delinquent loans and accounts receivable. The Department will replace its Business License tracking software that will support the growth of the City's business tax base.

The Finance Department's budget includes the implementation of a Citywide One-Call Center providing a centralized information and dispatch line, specifically addressing the customer's needs and effectively tracking the delivery of any service required as a result of the customer call.

Fire Department

The Fire Department has increased the number of firefighters by 12 positions in FY 2005.

The maintenance of Fire Department facilities has been deferred for several years. In FY 2005, the City will expend over \$5.0 million initially approved by Council FY 2004 to address facility and maintenance improvement needs. Lease Revenue Bonds, sold in FY 2004, will fund renovations to existing fire stations.

In addition, two fire stations will be constructed. Fire Station No. 15 will provide fire protection services in southeast Fresno and Fire Station No. 17 will replace temporary Fire Station No. 21 which serves the Woodward Park area.

General Services Department

The General Services Department (GSD) contains the City's fleet services, facilities, purchasing, printing, and communications operations. Set up as an Internal Service Fund, this Department plays a critical support function for public safety, transportation, utilities, and other City departments.

In FY 2005, the Department will be implementing an aggressive exhaust after-treatment retrofit program of approximately (40) 1999 and 2000 model residential refuse trucks. Under the CARB Solid Waste Collection Vehicle Rule time-lines these vehicles will need to be equipped with an exhaust after-treatment device for continued operation. The implementation of this program will demonstrate the City is proactively installing these devices beyond minimum compliance mandated by CARB and therefore puts the City in the position of being

eligible to apply for grant funding that has the potential of reducing the cost of these retro-fits by 75 percent. These devices will reduce ozone-forming emissions by 25 percent and particulate matter emissions by 85 percent.

Information Services Department

The Information Services Department provides information technology services and support to all City departments. The Department's services are categorized into six areas: desktop support, network support, HTE, PeopleSoft, Geographic Information System, and specialized applications. These services are offered with a Service Level Agreement that outlines the Department's commitment to providing the highest level of service in order to enhance customer satisfaction.

In FY 2005, the Department has multiple upgrades and enhancements planned for the City's various applications. One of the highest profile upgrades will be to the PeopleSoft Financial system to version 8.4. This upgrade will ensure the continued security, high availability, and accuracy of the City's financial information. In addition to the PeopleSoft upgrade, HTE will be upgraded, and existing Geographic Information Services (GIS) applications will be enhanced. These upgrades and subsequent interfaces will provide the City with the capability to move forward with various E-government initiatives.

Personnel Services Department

The Personnel Services Department provides human resources, training, labor relations, and risk management services to the public, City employees, and City departments. In FY 2005, the Department will continue to coordinate the Citywide rollout of The Pacific Institute's "Imagine 21" training, as well as the training and certification of an additional 30 facilitators. These additional facilitators will in turn provide the "Imagine 21" training to another 1,500 City employees.

Escalating workers' compensation costs will continue to be a challenge for the City. Rising medical costs and increases in temporary disability benefits continue to drive the amount paid on workers' compensation to levels not previously seen. In FY 2005, to mitigate costs from escalating further, the Department will continue an aggressive "return to duty" program, present training sessions, perform facility/ergonomic evaluation, continue implementation of the "Push Up Safety Program", and assist City Departments in creating a more focused accident prevention effort.

Parks, Recreation, and Community Services Department

The Department will be expanding the After School Enrichment program in FY 2005 to include a literacy program (ages 6 through 12) and an Employment Readiness Initiative (ages 13 through 18) at seven community centers. A "Reduce Substance Abuse Initiative" public education campaign will also be rolled out. The Department has included \$475,000 for Community Investment Grants, which includes \$100,000 for the continuation of United Way grant writing and training services. The Chaffee Zoo will continue to utilize donations collected from Angel's campaign to fund improvement projects. To date, the campaign has raised over \$485,000.

The development of pocket parks around the City will continue as well as rehabilitation and construction of little league baseball parks at Neilsen Playground and the Fresno Fairgrounds. The Department will utilize \$328,000 to fund safety and security projects at several parks and community centers which will attend to dilapidated sport court surfaces, bleachers, and structural deficiencies. The Department will begin developing new Community Youth and Senior Centers for students and seniors to congregate, participate in mentor relationships, and augment the After School Enrichment program.

For FY 2005, all responsibility for median islands, landscape buffers, public Right of Ways, landscape easements, frontage islands, and ponding basin maintenance will be transferred to the Public Works Department. The total resources involved in the transfer include 24 positions and \$2,630,800 in operating funds.

Planning and Development Department

The Planning and Development Department will continue to make customer service and maintaining time-lines its top priority. To this end, the Department added 13 positions in mid-FY 2004 to assist in the maintenance of processing time-lines. In FY 2005, the Department will continue to focus on the implementation of the 2025 General Plan. \$1.3 million has been earmarked for this implementation. To enhance both customer service and employee relations, the Department will acquire a voice response system and a document imaging system. These systems will streamline information requests from the public and the review process for Department employees.

The Housing Division will enhance the very popular Home Buyer Assistance program and be involved in several new downtown development projects. The Division received two new grants, one Federal and one State. The American Dream Downpayment Initiative and the Cal Home Grant will assist low and moderate income persons to purchase single-family homes.

The Code Enforcement Division will continue to expand a cost recovery program, begun in FY 2004, which is designed to reduce dependence on Community Sanitation and Community Development Block Grant (CDBG) funds.

Police Department

The Police Department is committed to providing the highest level of public safety services to the citizens of Fresno. The Department uses a variety of public outreach programs, traditional policing methods, and innovative law enforcement strategies to reach its goal of minimizing crime in Fresno.

Imbedded in the number one budget cornerstone in FY 2005 is an increased commitment to public safety and the prevention of violent crime.

The Adopted Budget increases the number of authorized sworn officers by 20 to 798, the highest in Fresno's history.

The battle waged on violent crime includes several specific initiatives that have proven successful. The budget includes resources to increase these efforts:

- **District Crime Suppression Teams (DCST)** - to handle tactical situations, violent crime, and proactive patrol in high crime neighborhoods.
- **Street Violence Bureau** - a Citywide bureau which provides manpower support to the DCST and adds to their effectiveness by serving as an additional tactical component.
- **Parole Apprehension Teams** - proactive warrant, arrest, and stakeout operations to desist parole violators before they commit their next crime.
- **Neighborhood Traffic Unit** - deploys patrol officers into neighborhoods with higher rates of violent crime.

Public Utilities Department

The Department of Public Utilities will continue to provide dependable, low-cost, quality water delivery, sewer service, wastewater treatment, and solid waste collection service in FY 2005. The Surface Water Treatment Plant will be fully operational in FY 2005.

There are no rate increases adopted for FY 2005. Major initiatives in FY 2005 will include strategic infrastructure planning to satisfy water and wastewater utility service demands posed by the 2025 General Plan, the Solid Waste Transfer Station, downtown revitalization, and regulatory requirements. The Wastewater Division will begin the Organic Capacity Upgrade which will restore the facilities 80 MGD treatment capacity. The \$54.5 million cost will be funded from Wastewater Enterprise reserves.

Public Works Department

The Department will continue to effectively manage its operating divisions, all stages of capital projects, as well as ongoing infrastructure maintenance in order to provide the highest level of cost efficient services. The Department will oversee the City's single largest infrastructure investment totaling \$45 million over a six year period with \$10 million budgeted for FY 2005. This will be in addition to the continued Citywide neighborhood projects totaling \$16.1 million.

The Department will continue work on ongoing TEA-21 infrastructure improvement projects totaling \$21.3 million in FY 2005. These projects will improve critical transportation corridors as well as and major intersections.

Public Works will implement the City's commitment for improved accessibility through the Americans with Disabilities Act (ADA) capital projects. Funds have been budgeted to install 600 wheel chair ramps at various locations in the City in order to meet ADA requirements.

Transportation Department

For FY 2005, the Transportation Department has been reorganized, resulting in Fresno Area Express (FAX) and Airports Divisions being split into separate Departments, with FAX retaining the Transportation Department name. In FY 2005, the Transportation Department will focus on its role as an industry leader by continuing to implement clean-air technology and programs and enhancing service levels in the community. This will be achieved in part by introducing a Senior Sunday program, offering a free fare Downtown Trolley service, expanding the Downtown Van Pool program, and increasing Handy Ride/Paratransit services. Other exciting developments include the purchase of up to 12 low emission Compressed Natural Gas (CNG) buses, retrofitting 56 existing diesel buses with new exhaust devices, and the installation of a state-of-the-art driver simulator for training purposes. Additionally, the Department will complete construction and begin operation of one of the largest alternative fueling facilities in the San Joaquin Valley. The completion of this project will facilitate the expansion of alternative fuel vehicles in the region.

HOW TO USE THIS BUDGET BOOK

The organization of the budget document is, systematically from front to back, moving from the broadest perspective of service by department to fund specific information. The document is arranged by department with the final section of Volume I providing reference information to enhance the reader's understanding of overall concepts.

Volume I

The **Executive Summary** section includes:

- ▶ Mayor's Transmittal Letter
- ▶ The City Manager's Memo
- ▶ Key Budget Issues in FY 2005
- ▶ GFOA Award Letter
- ▶ Acknowledgments
- ▶ Department Budget Overview
- ▶ How to Use This Budget Book

The **Strategic Vision** section includes:

- ▶ City Mission Statement
- ▶ The City's Key Result Areas (KRA)
- ▶ Common Goals to Support KRA
- ▶ Citywide Strategies to Meet the Goals

The **Fund Summary** section includes:

- ▶ City Organization Chart
- ▶ Total City Resources
- ▶ Total City Budget
- ▶ Net Budget by Department with and without Capital
- ▶ Authorized Positions
- ▶ General Fund Budget Overview
- ▶ General Fund Budget Dollars
- ▶ Major Revenues Analysis
- ▶ City Operating Fund Structure Chart
- ▶ City Fund Structure
- ▶ Combined Fund Summary
- ▶ Inter Fund Transfer Schedule

The **Department** sections include:

- ▶ Department Specific Summaries
- ▶ Relevant City KRAs with Underlying Goals
- ▶ Department Programs & Resources Allocated in Support of Goals
- ▶ Functional Organizational Chart
- ▶ Position Summary Table
- ▶ Resource and Expenditure Summaries
- ▶ Budget Comments*

The **Capital Improvement** section includes:

- ▶ Capital Summary with Projects Highlights by Department
- ▶ Capital Revenues & Expenditures Charts
- ▶ Capital Glossary
- ▶ Department Capital Summary
- ▶ Citywide New Projects
- ▶ Citywide Ongoing Projects
- ▶ Departmental Capital Detail

The **Analysis and Background** section contains:

- ▶ Economic Overview
- ▶ Community Development Block Grant & Measure "C" Activity
- ▶ Budget Policies

- ▶ Focus on Essential Services
- ▶ Workers' Compensation Analysis
- ▶ Debt Obligations
- ▶ State Funding Allocations & Methodologies
- ▶ Meeting the Challenge
- ▶ Glossary of Terms

Volume II

The **Salary Schedule** section includes:

- ▶ Comprehensive Listing of City Positions with Corresponding Pay Scales

The **Department** sections include:

- ▶ Fund Summary Detailing Revenues by Source & Expenditures by Division
- ▶ Line Item Appropriation Detail by Division
- ▶ Position Detail by Division

* Budget Comments serve to identify general informational aspects of department operations, highlight previous year accomplishments, bring forth policy issues that require attention, and call out any unmet needs. Finally, service impacts detail material changes to department appropriations, which not only identifies additional costs, but savings realized as a result of innovation.